

OFFICE OF THE CITY CONTROLLER

**CITY OF HOUSTON
INTEROFFICE CORRESPONDENCE**

TO: Mayor Bill White
City Council Members

From: Annise D. Parker
City Controller

Date: June 27, 2006

**Subject: May 2006
Financial Report**

Attached is the Monthly Financial and Operations Report for the period ending May 31, 2006.

GENERAL FUND

We are currently projecting a \$29.6 million surplus for the General Fund for Fiscal Year 2006, an increase of \$3.5 million from last month. This is the net impact of various changes in both revenues and expenditures.

Revenues

- Sales taxes continue to rise. As a result, our current estimate for this revenue category is \$2 million higher than last month.
- Miscellaneous Revenues are up by \$1.7 million, largely due to a number of land sales.
- Telephone Franchise Fees are up \$1 million due to higher than projected third quarter collections.
- Other Fines and Forfeits have increased \$796,000 due to higher than expected revenues for Library Fines, Other Interest Income and Miscellaneous Fines and Forfeits.
- Interest Income increased \$500,000 due to higher than expected earnings to date.
- Other Franchise Revenues are up \$450,000 due to higher than expected year to date revenues for Cable TV, Limousine Fees and Charter Tour Fees.
- Industrial Assessment Revenues have increased \$420,000 due to delinquent collections.

Expenditures

- Police expenditures are up by an estimated \$1.8 million due to increased overtime for special crime prevention initiatives, which began in June.
- Solid Waste expenditures are up by \$2.7 million. This is attributed to Rita expenditures for which FEMA has not reimbursed the city.
- The Fire Department has \$2 million worth of hurricane related expenditures, which have not been reimbursed by FEMA.
- Building Services expenditures increased by \$1 million due to higher than anticipated costs for electricity.
- Public Works expenditures declined \$1.5 million to adjust for electrical expenditures for streetlights and lower personnel costs.
- Health and Human Services expenditures are down \$1 million because medical equipment originally anticipated to be purchased in FY 2006 will instead be delivered in FY 07.

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- General Government Expenditures have declined by \$1.1 million due to lower than expected expenditures for Insurance Fees and Real Estate Lease expenditures.

ENTERPRISE FUND

The Aviation Operating Fund reflects an \$826,000 increase in Income Before Operating Transfers. This is due to adjustments to the various revenue sources, both operating and non-operating, based on year-to-date revenues being annualized through the end of June 2006

The Convention and Entertainment Operating Fund reflects an increase of \$4.3 million in Income Before Operating Transfers. This is the net impact of continued increases (\$4.6 million) in Hotel Occupancy Tax revenues and increased Personnel Expenses of \$300,000. Personnel expenses are up due to variances in FTEs.

The Combined Utility System Operating Fund shows a decrease of \$5.9 million in Income Before Operating Transfers. \$5.2 million of the change is attributed to Electricity and Gas costs which had previously been excluded from year-to-date expense totals. There was also an increase in Supplies expenses of \$500,000 to reflect purchases of tools, fuel, electrical parts, mechanical parts, small technical equipment and plumbing supplies.

COMMERCIAL PAPER AND BONDS

The City's practice has been to maintain no more than 20% of the total outstanding debt for each type of debt in a variable rate structure. At month-end, the ratio for each type of outstanding debt was:

General Obligation		20.1%
Combined Utility System		20.9%
Aviation		21.9%
Convention	and	28.0%
Entertainment		

Respectfully submitted,



Annise D. Parker
City Controller